EPARED BY:

ATE PREPARED:

LB 504

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

	ESTIMATE OF FIS	SCAL IMPACT - STAT	E AGENCIES *	
	FY 201	1-12	FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		30,743,000		76,989,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		30,743,000		76,989,000

^{*}Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 504 increases the fixed portions of the fuel tax by a total of 5¢ on October 1, 2011 and by another 5¢ on October 1, 2012. This tax increase will be shared by the Department of Roads and cities and counties as follows.

Department of Roads - Revenue Impact

The current fixed fuel tax for the Department of Roads is 7.5ϕ . Under the provisions of LB504 this tax will increase to 11.3ϕ on October 1, 2011, and then on October 1, 2012 increase to 15.1ϕ .

The estimated increase in revenue for the Department of Roads (Highway Cash Fund) is \$30,743,000 in FY11-12 and \$76,989,000 in FY12-13. This is the average of the revenue estimates provided by the Department of Roads and the Department of Revenue. The Department of Revenue provided revenue estimates for the following biennium of \$78,059,000 in FY13-14 and \$78,229,000 in FY14-15.

The Highway Cash Fund appropriation will need to be increased to allow the Department to spend this additional revenue. If the Highway Cash Fund appropriation is not increased the additional revenue will serve to decrease the variable fuel tax rate.

Cities and Counties - Revenue Impact

The current fixed fuel tax that is shared by the cities and counties is 2.8ϕ . Under the provisions of LB504 this tax will increase to 4.0ϕ on October 1, 2011, and then on October 1, 2012 increase to 5.2ϕ .

The estimated increase in revenue for the cities and counties to share is \$9,817,000 in FY11-12, \$24,625,000 in FY12-13, \$24,650,000 in FY13-14 and \$24,704,000 in FY14-15. These revenue estimates were provided by the Department of Revenue.

Combined Revenue Impact

The combined revenue increase for the Department of Roads, cities and counties is \$40,560,000 in FY11-12, \$101,614,000 in FY12-13, \$102,709,000 in FY13-14 and \$102,933,000 in FY14-15 using estimates provided by the Department of Roads and the Department of Revenue.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David Spatz		2/7/11		PHONE 471-4179
COMMENTS					
No basis to dispute agency analysis re	lative to Department of	Revenue.			
Concur with Department of Roads' and	alysis and estimate of in	creased cash	fund revenue fiscal i	impact.	

LB 504

Fiscal Note

2011

LB 504		J.T.C	TOT MERTANDE	TAND	riscai Note	<u> </u>
		State Agency	Estimate 2	DOM.		
State Agency Name: Department	of Revenue				Date Due LFA:	2/2/2011
Approved by: Douglas Ewald		Date Prepared:	2/1/2011		Phone: 471-5700	
	FY 2011	1-2012	FY 201	2-2013	FY 201	3-2014
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds						
Cash Funds		\$31,086,000		\$77,978,000		\$78,229,000
Federal Funds						
Other Funds					<u> </u>	
Total Funds		\$31,086,000		\$78,059,000		\$78,229,000

LB 504 proposes to increase the two fixed components of the Motor Fuels fixed tax rates as follows:

	Current fixed rate	October 1, 2011 to	October 1, 2012 and
		September 30, 2012	thereafter
State portion	7.5 cents per gallon	11.3 cents per gallon	15.1 cents per gallon
City and County	2.8 cents per gallon	4.0 cents per gallon	5.2 cents per gallon
portion			

The current variable tax is set at 5.4 cents per gallon and is calculated pursuant to formula contained in section 66-4,144 (effective each July 1 and adjusted as needed on January 1). The current wholesale tax is set at 10.7 cents per gallon and is calculated pursuant to formula contained in section 66-489.02 (effective each July 1 and January 1).

The bill raises the fixed portion by 5.0 cents on October 1, 2011 (3.8 cents per gallon to the state Highway Cash Fund, 1.2 cents per gallon distributed to cities and counties) and another 5.0 cents per gallon increase effective October 1, 2012 (cumulative 7.6 cents per gallon for the state Highway Cash Fund, 2.4 cents per gallon for cities and counties).

The impact is in the table below:

Fiscal Year	State (Highway Cash Fund)	Cities and Counties
FY 2011-12	\$31,086,000	\$9,817,000
FY 2012-13	\$77,978,000	\$24,625,000
FY 2013-14	\$78,059,000	\$24,650,000
FY 2014-15	\$78,229,000	\$24,704,000

Because the gas tax formula is tied to the Department of Roads appropriation, LB 504 will have the estimated impact if the size of the appropriation is increased to match the revenue created from this bill.

Departmental cost to implement LB 504 is expected to be minimal.

	Majo	or Objects of E	Expendit	ure			
Class Code	Classification Title	11-12 FTE	12-13 FTE	13-14 <u>FTE</u>	11-12 Expenditures	12-13 Expenditures	13-14 Expenditures

ravel				• • • • • • • • • • • • • • • • • • • •			
apital Outlay							
apital Improvements				••••••			
Total		•••••					

Date: 1/28/2011

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FISCAL NOTE LB504 Department of Roads

JAN 28 2011

Prepared By	Hayes, Marilyn
Date Prepared	1/21/2011
Prepared Phone	402-479-4692

LEGISLATIVE FISCAL

Estimate Provided By State Agency or Political Subdivision

	FY 201	FY 2011-2012		2-2013
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds		\$30.4 Million		\$76.0 Million
Federal Funds				
Other Funds				
Total Funds		\$30.4 Million		\$76.0 Million

Explanation of Estimate:

LB 504 would increase the motor fuel tax rate by 5 cents effective October 1, 2011 and an additional 5 cent increase on October 1, 2012. The 5 cents would be divided, 3.8 cents to the Department of Roads and 1.2 cents to be shared equally by the cities and counties.

Fiscal Impact is:

1.2 Billion Gallons of motor fuel

FY-12 FY-13

3.8¢ revenue November - June revenue July - October

\$30.4 Million

\$15.2 Million

7.6¢ revenue November - June

\$60.8 Million

Total Additional Revenue NDOR

\$30.4 Million

\$76.0 Million

NOTE: If the intent of this legislation is to make additional funds available for highway construction, this would require an increase in the Highway Cash Fund Appropriation by the same amount of funds.

Major Objects of Expenditure

	Number	of Positions	FY 2011-2012	FY 2012-2013	
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures	
	<u> </u>	Benefits			
		Operating			
		Travel			
		Capital outlay			
		Aid			
		Capital improvements			
		Total			